

CONTRACTUAL SERVICES

Contractual services are budgeted in Comptroller Object group 08.

The components of complex "lump sum" line-item requests should be detailed and well justified on a Form DBM-DA-2 with rates and units of service for all components. **Line-item requests for simpler amounts may be justified using the "fifty character" field allowed for each line-item in the submission of machine-readable budget data.** The justification of each contractual service line-item should explain how the request for each line-item was determined. Examples may include:

- Planned actual cost of the next year of an approved multi-year contract
- Three-year average of expenditures plus inflation
- Current contract plus inflation
- Projected rate times units of service

Schedule of Contracts/Interagency Agreements (Form DBM-DA-23) is to be completed for each program or subprogram with contracts or interagency agreements. Where contracts are funded in various subprograms, make an entry for each funding component and create a total for the contract.

- Each contract greater than \$25,000 is to be listed separately.
- Contracts less than \$25,000 should be included on one line (not listed separately) for each subprogram. Subprogram totals will equal actual, appropriation, and request amounts at the subobject level of detail. Please provide a subtotal for each subprogram.

On or before August 1, 2006 each State agency and each public institution of higher education must report any interagency agreements in place for any part of fiscal year 2007 between State agencies and any public institution of higher education involving potential expenditures in excess of \$100,000 over the term of the agreement. Please refer to the reporting requirements on the DBM website, Procurement & Contracts, FY 2006 Interagency Agreement Reporting. This reporting mechanism was described in the Budget Bill for 2006 and was further defined in Section 31 of the Budget Bill for 2007.

Agreements between two or more State agencies involving expenditures in excess of \$100,000 will continue to be reported to the BPW and DLS as required by the Budget Reconciliation and Financing Act of 2004. The reports must include information on the creation of positions related to the agreement.

In preparing the FY 2008 budget request, agencies should continue to report planned agreements using the form DBM-DA-23 (page 143). The legislature may again require notification before agreements are implemented.